



GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

September 30, 2011

APM 11-16

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: Theodore W. Tozer, President

SUBJECT: Revisions to Institution-Wide Capital Requirements

Ginnie Mae previously introduced new Institution-Wide Capital Requirements for Single Family, Multifamily, and HMBS program participants, which are effective October 1, 2011.¹ Ginnie Mae is revising these requirements as follows:

1. The formulas used to calculate capital requirements for banks and thrifts will further apply to bank holding companies and savings and loan holding companies. Ginnie Mae recognizes that credit unions are examples of thrifts and depository institutions, however, these formulas are not applicable to credit unions.
2. These formulas that apply to the entities listed above in Item 1 have been updated to clarify the ratio calculations and to reflect a minimum acceptable ratio for each of the required formulas.
 - a. Tier 1 Capital/Total Assets ratio of 5 percent or greater;
 - b. Tier 1 Capital/Risk-Based Assets ratio of 6 percent or greater; and
 - c. Total Capital/Risk-Based Assets ratio of 10 percent or greater.
3. The formula used to calculate capital requirements for non-depository institutions will further apply to subsidiaries of banks and thrifts, credit unions, and all other entities that are not listed above in Item 1.

¹ APM 10-17, New Financial Requirements - Single Family Issuers, dated October 22, 2010; APM 10-22, New Financial Requirements - Multifamily Issuers, dated November 29, 2010; APM 11-01 New Financial Requirements - Home Equity Conversion Mortgage-Backed Securities (HMBS), dated January 7, 2011.

4. The formula for non-depository institutions and those entities listed above in Item 3 has been updated to reflect a minimum acceptable ratio, and to replace the term Total Equity in the numerator of the ratio with the term Total Adjusted Net Worth, as defined by Ginnie Mae, and presented by Issuers as part of their annual financial reporting obligations. This formula is not applicable to holding companies.

The chart below provides a visual review of Ginnie Mae's previously announced and revised capital requirements. The revised capital requirements are effective October 1, 2011.

Covered Institution		Capital Requirements	
Previously Announced	Revised	Previously Announced	Revised
Applies to banks, thrifts, and subsidiaries	Applies to banks, thrifts, bank holding companies, and savings and loan holding companies. Does not apply to credit unions.	<ul style="list-style-type: none"> • 5 percent of Tier 1 Capital/Total Assets; • 6 percent of Tier 1 Capital/Risk-Based Assets; and • 10 percent of Total Capital/Risk-Based Assets. 	<ul style="list-style-type: none"> • Tier 1 Capital/Total Assets ratio of 5 percent or greater; • Tier 1 Capital/Risk-Based Assets ratio of 6 percent or greater; and • Total Capital/Risk-Based Assets ratio of 10 percent or greater.
Applies to non-depository institutions, (non-banks, credit unions and subsidiaries)	Applies to non-depository institutions, subsidiaries of banks and thrifts, credit unions, and all others. Does not apply to holding companies.	<ul style="list-style-type: none"> • Total Equity/Total Assets ratio of 6 percent or greater. 	<ul style="list-style-type: none"> • Total Adjusted Net Worth as determined by Ginnie Mae/Total Assets ratio of 6 percent or greater.

Applicable changes to Ginnie Mae Mortgage-Backed Securities Guide 5500.3, Rev. 1 ("Guide") will be incorporated into Chapters 2 and 3 of the Guide and also posted under the "What's New" section of Ginnie Mae's website at www.ginniemae.gov. HUD Audit Guide changes are forthcoming and will be posted upon receipt.

If you have any questions regarding this announcement, please contact your Ginnie Mae Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.